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FM AMEMBASSY KATHMANDU  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7607  
INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 6199  
RUEHLM/AMEMBASSY COLOMBO PRIORITY 6520  
RUEHKA/AMEMBASSY DHAKA PRIORITY 1777  
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 4545  
RUEHLO/AMEMBASSY LONDON PRIORITY 5783  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 2058  
RUEHCI/AMCONSUL KOLKATA PRIORITY 3916  
RHMFIUU/CDR USPACOM HONOLULU HI PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY  
RHEFDIA/DIA WASHDC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RUEKJCS/SECDEF WASHDC PRIORITY  
RUEHGV/USMISSION GENEVA PRIORITY 1935  
RUCNDT/USMISSION USUN NEW YORK PRIORITY 3037

UNCLAS SECTION 01 OF 02 KATHMANDU 002079

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SUBJECT: NEPAL: 2007 COUNTRY REPORT ON TERRORISM

REF: A. STATE 146856  
[1](#)B. STATE 145633

KATHMANDU 00002079 001.8 OF 002

#### General Assessment

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[1](#)1. Nepal experienced no significant acts of international terrorism in 2007; however, several incidents of domestic terrorism and politically-motivated violence occurred in urban areas and in the Terai. None was aimed at U.S. citizens or facilities. Nepal was not a state sponsor of terrorism, nor did it offer safe haven to international terrorists, but a U.S.-designated terrorist organization became part of the interim government. Despite officially ending its ten-year insurgency with a comprehensive peace agreement in November 2006 and entering into the interim government in April 2007, the Communist Party of Nepal (Maoist) -- the only U.S.-designated group of concern operating in Nepal -- continued to engage in violence, extortion, and abductions. The Maoists withdrew their ministers from the interim government in September but left their members in place in the interim Parliament. The government was ineffective at holding the Maoists accountable for violating the peace process, and law enforcement efforts were minimal. The Maoist People's Liberation Army (PLA) ostensibly settled into UN-monitored cantonments but circumvented the disarmament and combatant verification process to a significant degree. The Maoist Young Communist League, which included former PLA members, grew increasingly prominent during the year, carrying on the Maoist militia's tactics of abuse, abduction, assassination, intimidation, and extortion in cities and villages.

#### Unrest in the Terai

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[1](#)2. Ethnic tensions in the southern Terai plains increased in [1](#)2007. From mid-January to early March, as Madhesi -- Nepalis with cultural and linguistic ties to India -- protested against the failure of the interim constitution and the interim government to address their concerns, an often-violent popular uprising known as the Madhesi Andolan

wracked the region, leaving at least 42 dead. Over a dozen extremist groups in pursuit of independence or autonomy followed the Maoist lead of negotiation via armed struggle. Competing factions of Madhesis clashed with each other, with the Maoists, with hill-origin Nepalis, and with police, instigating numerous rows, strikes, demonstrations, and Indo-Nepal border road closures. The most violent of these groups were factions of the Janatantrik Terai Mukti Morcha ("People's Terai Liberation Front"), which had broken with the Maoist-affiliated Madhesi Mukti Morcha ("Madhesi Liberation Front") insurgency in 2004 in order to bring about the secession of the Terai from the rest of Nepal. The Maoists exacerbated bloodshed in the Terai in a scramble to regain influence it had lost in the region. On March 21, confrontation between Maoists and Madhesis at a rally in Gaur resulted in the massacre of 27 people -- most of them Maoists.

#### Domestic Terrorism Risk Increasing

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13. The Government of Nepal largely ignored the conflict in the Terai, setting the stage for the spillover of violence into the capital. On September 2, near-simultaneous blasts in three locations in Kathmandu killed three people and injured scores of commuters and bystanders. There were no American casualties. Two little known groups, the Terai Utthan Sangh ("Terai Upliftment Union") and the "Terai Army", claimed responsibility. The Terai Army's claim of responsibility, in particular, vowed additional attacks in the future. Separately in December, a faction of the Terai-based Nepal Sadbhavana Party - Anandi Devi (NSP-A), led by a former Commerce Minister, founded a militant youth wing.

#### U.S. - Nepal Cooperation

KATHMANDU 00002079 002.2 OF 002

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14. The United States did not request the cooperation of the Government of Nepal for any investigation or prosecution of an international terrorist act against U.S. citizens or facilities in 2007. Anti-money laundering legislation remained stalled in Parliament, although the government responded favorably to U.S. requests to be prepared to freeze the assets of individuals and entities involved in the financing of terrorism when or if such assets were discovered. The United States provided substantial antiterrorism assistance and training to Nepal's security forces, including courses on crisis management, post-blast investigations, and terrorist crime scene investigations.

15. This report has been posted on Intellipedia-S per Reftels. The website link is [http://www.intelink.sgov.gov/wiki/South Asia Terrorism Reports#Nepal](http://www.intelink.sgov.gov/wiki/South%20Asia%20Terrorism%20Reports#Nepal).  
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